

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1873 – SB 1978

March 11, 2014

SUMMARY OF ORIGINAL BILL: Requires a recipient of any FastTrack economic development grant or loan awarded on or after July 1, 2014, to file a report with the Department of Economic and Community Development by February 1 of each year for the duration of the grant or loan, and specifies the type of information that must be included in such a report. Requires the Department to publish all filed reports on its website by April 1 of each year, and to provide all of the data from the reports both in a searchable database and as a spreadsheet that can be downloaded in its entirety. Requires the Department to also provide on its website any determinations as to whether the recipient is meeting the requirements of the grant or loan, any penalties assessed by the Department for failure to meet such requirements, and any non-confidential documents related to the grant or loan. Establishes a \$500 per day penalty for failure to provide the Department with the required report.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$273,400/FY14-15
\$199,000/FY15-16 and Subsequent Years

SUMMARY OF AMENDMENT (013483): Adds language to original bill requiring recipients of any FastTrack economic development grants or loans awarded between May 27, 2005 and January 1, 2011, to file a one-time report with the Department by February 1, 2015.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the Department, there are approximately 30 new five-year economic development grants provided each year.
- According to the Department, no economic development grants or loans were awarded prior to 2012.
- The Department estimates that two additional Attorney positions will be required to execute the requirements of this bill. The recurring increase in state expenditures

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associated with these two positions is estimated to be \$179,040 (\$124,320 salaries + \$34,520 benefits + \$20,200 rentals and insurance, supplies and materials, and other); the one-time increase in state expenditures is estimated to be \$4,400 (\$3,200 computer related + \$1,200 training).

- The development of a tracking database with optical character recognition software enabling the files to be searchable will result in a one-time increase in state expenditures of \$90,000. The recurring increase in state expenditures associated with the maintenance of the database is estimated to be \$20,000 per year, beginning in FY15-16.
- The total increase in state expenditures is estimated to be \$273,440 (\$179,040 + \$4,400 + \$90,000) in FY14-15, and \$199,040 (\$179,040 + \$20,000) in FY15-16 and subsequent years.
- Any increase in state revenue from the fees for failure to provide the required report is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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